

The Senator from Nebraska has 11 minutes 40 seconds.

Mr. EXON. In view of the arrangement we have reached, I yield back the remainder of our time.

The PRESIDING OFFICER. Does the Senator from New Mexico yield back the time?

Mr. DOMENICI. Mr. President, I thank Senator EXON for his courtesies. This has been a very difficult budget resolution, in the sense that we have considered, overall, maybe more than 50 amendments. While the Senator from New Mexico thinks that many of them, being sense of the Senate and not binding on anyone, probably used an awful lot of time that was not necessary, that seems to be part of the U.S. Senate, and I am not complaining about it. But we have been here for a long time. That means we had to work together, and I think we did that very well.

To the Senators, many who cooperated in using small amounts of time so their fellow Senators would have a chance to offer their amendments with some explanation, I thank them, from both sides of the aisle, Democrat and Republican.

With that, I yield the remainder of the time on the budget.

Mr. EXON. Before you yield back, will you yield to me for just a moment? I want to return the nice compliment.

Mr. DOMENICI. Certainly.

Mr. EXON. I have always enjoyed working very closely with my friend and colleague. We are going to have a very tough day tomorrow. We are going to move things as expeditiously as we can.

At the proper time tomorrow, I will take time to publicly thank the excellent staff on this side and also the staff on that side of the aisle for being constructive and helpful all the way through. It has been, once again, a unique experience. I have appreciated the courtesy that is always extended to me by the chairman of the committee.

Mr. DOMENICI. I thank Senator EXON very much.

Let me correct something. There have been a number of requests on our side and your side for 15 minutes in the morning. So if I can correct it, we will start voting at 9:15. That is what the unanimous consent will state.

Mr. EXON. The 15 minutes will be morning business time?

Mr. DOMENICI. We will decide that later. We will be back on the budget resolution at 9:15 instead of 9 o'clock.

Mr. EXON. At 9:15.

Mr. DOMENICI. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. GRASSLEY. Mr. President, I ask unanimous consent we now have a period for morning business.

The PRESIDING OFFICER. Is there objection? Hearing no objection, it is so ordered.

UNITED STATES-UNITED KINGDOM AVIATION RELATIONS

Mr. PRESSLER. Mr. President, I rise today to discuss significant recent developments in our aviation relations with the United Kingdom. If handled properly by the administration, these developments could finally lead to full liberalization of United States/United Kingdom air service, our largest international aviation market.

Last week I spoke at some length in this body regarding my great frustration with the current state of aviation relations between our two nations. In those remarks I predicted a time would come when the British truly would want some significant aviation rights or regulatory relief from the United States. When that time came, I said I fully expect the administration to demand a very high price. I welcome reports that time may be at hand.

Mr. President, I am referring to published reports that British Airways, which presently controls a greater share of the United States/United Kingdom air service market than all United States passenger carriers combined, is close to announcing a major business alliance with American Airlines. In anticipation of that announcement, British negotiators came to Washington yesterday to assess the price tag for the regulatory relief the new alliance would require. I am pleased initial reports indicate the Department of Transportation [DOT] reaffirmed its longstanding position: Nothing short of full liberalization of the United States/United Kingdom air service market would be acceptable.

Let me emphasize a critically important point. If the administration stands firm, as I believe it must, the current restrictive United States/United Kingdom bilateral aviation agreement will be cast into the great trash heap of protectionist trade policy where it belongs. This would be very welcome news for the U.S. economy, all U.S. air carriers and consumers. If the situation is handled poorly, however, we will have to explain to future generations why we squandered our best opportunity in decades to liberalize the United States/United Kingdom air service market.

Since my remarks last week, I have been asked several questions I wish to address.

First, am I surprised my prediction has come to pass so quickly? No, not in the least. For nearly a year I touted an open skies agreement with Germany as the ideal competitive tool to pry open Britain's significantly restrictive air service market. In combination with

open skies agreements already in place with 10 other European countries, the United States/German open skies agreement—which goes into full effect later this week—is having precisely that effect.

Simply put, the possible British Airways/American Airlines alliance is a competitive response to the United States/German open skies agreement and the grant of antitrust immunity to the United Airlines/Lufthansa alliance. If the Delta Air Lines alliance with three smaller European carriers is granted a final antitrust immunity order later this month, that alliance—in combination with the United and Northwest alliances—will mean nearly 50 percent of passenger traffic between the United States and the Europe will be carried on fully integrated alliances. I have predicted for some time British Airways would have no choice but to respond. It now appears to be doing so by seeking to ally itself with the strongest U.S. carrier available and, ultimately, to seek antitrust immunity for its new alliance.

Second, to what am I referring when I say the British should be required to pay a high price for the regulatory relief British Airways' new alliance would require? I believe the price tag must be nothing less than immediate open skies.

In the past, the British have been prone to redefine the term "full liberalization" to mean "a balanced exchange of opportunities." Therefore, let me make clear what I mean when I say open skies. To avoid any misunderstanding, I believe the administration should make very clear to the British we expect at a minimum open third, fourth and fifth freedom rights for all our passenger and cargo carriers. Of course, this means that nothing less than open access to London's Heathrow Airport be included in the package.

Is this price too high? No, based on the recent history of United States/United Kingdom aviation relations, I believe it is just about right. For instance, I remember all too well how the British Government treated the United States in late 1990 and early 1991 when Pan Am was on the brink of shutting down operations and needed immediately to sell its Heathrow routes to survive. The British government showed not one iota of sympathy. Instead, at the urging of British Airways, for months the British Government squeezed our government for maximum compensation in exchange for approving that transaction as well as the sale of TWA's Heathrow routes. I hope we remember well the lessons of the so-called Heathrow succession agreement.

Is it realistic to demand the British Government open Heathrow airport to our carriers? Absolutely. The British always seem able to find space at Heathrow for non-U.S. carriers who pose less of a competitive challenge to British carriers. For instance, according to DOT, 24 of the airlines operating at Heathrow in July 1995 did not have